

**HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
OCTOBER 24, 2007**

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Atchley, Bryan, Vice Chair
Caldwell, Gene, M.D.
Handorf, Charles, M.D.
Jones, Clark
Lammert, Gregory
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Gaither, Keith, designee for the TennCare Director
Troy, Peggy
Morris, John, designee for the Commissioner of Commerce and Insurance

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Anderson, Mitzi, Vice President, Finance, Covenant Health
Beaven, David, Chief Financial Officer, Eidetik, Inc.
Beaven, Laila, Human Resources Director, Eidetik, Inc.
Beaven, Marc, Chief Operating Officer, Eidetik, Inc.
Benton, Tony, Assistant Vice President, Strategic Planning, Mountain States Health Alliance
Berryman, Janice, NHC
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brooks, Todd, M.D., Best Nurses, Inc.
Brown, Dere, NHC
Brundige, Jennifer, Esq., Farmer & Luna, PLLC
Butler, Miriam, RN, Best Nurses, Inc.
Casey, Pam, Bass, Berry & Sims
Christy, Mary, CFO, Methodist Healthcare-Affiliated Services
Collins, Josh, Waller, Lansden, Dortch & Davis
Corritore, Danell, Department of Health
Culp, Joe, Department of Health
Day, Ed, Consultant
DeStefano, Donna, Tennessee Disability Coalition
Divers, Richard, Vice President of Development, Bioluminescence at Harding, Inc.
Duncan, Bruce, NHC
Dycus, Dianne, Tennessee Attorney General's Office
Elrod, Dan H., Esq., Miller & Martin

Erim, Raif, Regent Health
 Ferraro, S., Bass, Berry & Sims
 Fincannon, Jaylor, Quality Review Panel
 Flowers, Robert, RN, Best Nurses, Inc.
 Frazier, Linda, System Services Director, Diagnostic Imaging, Mountain States Health Alliance
 Gooch, Warren, Esq., Kramer Rayson
 Halsey, Laurie, Project Manager, Planning & Business Development, Covenant Health
 Hash, Todd, Tennessee Disability Coalition
 Hawkins, Timothy, CAO, Thompson Cancer Survival Center
 Hill, Ron, Vice President, Vanderbilt University Medical Center
 Hodges, N.M., Vice Chair for the Board of Directors, Jefferson County Nursing Home
 Huggins, Mike, Tennessee Hospital Association
 Jamison, Janice, RN, Best Nurses, Inc.
 Jones, Rufus, Jr., REJ
 Kopansky, Terry, Executive Director, Mur-Ci Homes, Inc.
 Latham, Larry, Assistant Commissioner, Facility Services, Mental Retardation Services, Department of Mental Health/Development Disabilities
 Linn, Laura, Mountain States Health Alliance
 Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis
 Lottman, Michael S., Chair, Quality Review Panel
 Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care Corporation
 Madwell, Jennifer, Department of Finance & Administration
 McDonald, William, M.D., Radiation Oncologist, Thompson Cancer Survival Center
 McHenry, Paula, Director of Facility Compliance, DMRS
 Merville, LaDonna, Hospital Alliance of Tennessee
 Moore, Elliott, Mountain States Health Alliance
 Mynatt, Roger L., Administrator, Jefferson County Nursing Home
 Normark, Per, Deputy General Counsel, MedQuest Associates, Inc.
 Owens, Pam, Director Clinical Services, NHC HomeCare
 Pallini, Emily, Department of Finance & Administration
 Poling, Becki, Director of Hospital Services, Department of Mental Health/Development Disabilities
 Ramsey, Chester, Director of Medical Physics, Thompson Cancer Survival Center
 Richardson, Mike, Vice President, Planning & Business Development, Covenant Health
 Russell, Richard, THA
 Shulman, Jim, Executive Assistant to the Commissioner of Finance & Administration
 Staniewski, Drew, Department of Finance & Administration
 Stephenson, Kate, Esq., Trauger & Tuke
 Sullivan, Jessica, Bass, Berry & Sims
 Taylor, Jerry W., Esq., Farris, Mathews, Branam, Bobango, Hellen & Dunlap, PLC
 Thompson, Ann R., RN, BSN, MBA, Director of Licensure, Department of Health
 Trauger, Byron R., Esq., Trauger & Tuke
 Wells, R., Best Nurses, Inc.
 Westlake, Carol, Tennessee Disability Coalition
 Williams, Regenna, President, Best Nurses, Inc.

Chairman Koella, called the meeting to order at 8:30 a.m. in the Meeting Room 12 of Legislative Plaza, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements.

OTHER BUSINESS

- 1) State Health Plan – Jim Shulman, Executive Assistant to the Commissioner, Finance & Administration discussed the status of development of a state health plan at the Department of Finance & Administration. Mr. Shulman introduced staff members, Emily Pallini, Jennifer Madwell and Drew Staniewski.

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CONSENT CALENDAR APPLICATION

Melanie Hill summarized the following Consent Calendar application:

Biolmaging at Harding, Inc. - (Nashville, Davidson County) - Project No. CN0708-066

The relocation of the existing outpatient diagnostic center (ODC) located in leased space at 11 Harding Mall Road, Nashville (Davidson County), TN to leased space at 4928 Edmondson Pike, Nashville (Davidson County), TN. This project also includes the relocation of the existing computerized tomography unit; and the replacement of the existing 1.0T mobile magnetic resonance imaging (MRI) unit. There will be no change in the scope of services provided. Project Cost \$1,012,000.00.

Present on behalf of the project were: Richard Divers, Vice President of Development; Jennifer Brundige, Esq.; and Per Normark, Deputy General Counsel, MedQuest Associates, Inc.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been previously established. The need to relocate is based upon the facility's lease expiring and notification from the owner of the property that the lease will not be renewed; 2) Economic Feasibility – The project is reasonable with \$100,000 of the project cost being the fair market value of the mobile MRI unit and an additional \$280,000 is the sum of the annual lease payments. This project will be financed from a loan from the parent company; and 3) The project does contribute to the orderly development of adequate and effective health care as the facility will be relocated approximately a half mile from the existing site. The applicant currently contracts with four MCOs and reported 20% of the MRI procedures were performed on Medicare and TennCare patients. Mr. Lammert seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Lammert Caldwell, Atchley, Handorf, Weaver, Jones, Koella

NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Maxim Healthcare Services, Inc. - (Johnson City, Washington County) - Project No. CN0704-028

The establishment of a home care organization and the initiation of home health services limited to private duty services for pediatric, adult and geriatric populations in the counties of Washington, Sullivan and Carter. The parent office will be located at 105 KLM Drive, Suite 6, Johnson City, TN 37615. Project Cost \$29,804.00.

Deferral Requested

DEFERRED TO THE NOVEMBER MEETING

Dr. Handorf recused

Best Nurses, Inc. - (Memphis, Shelby County) - Project No. CN0705-041

The establishment and initiation of a home health agency located at 6061 Apple Tree Drive, Suite 2, Memphis, TN 38115. The services will include 24 hour/7 days a week home health care to homebound adults, adolescents, and pediatric patients in Shelby, Fayette and Tipton Counties. Project Cost \$27,600.00.

Regenna Williams, President, addressed the Agency. Speaking in support of the project was: Todd Brooks, M.D.; Miriam Butler, RN; Robert Flowers, RN; and Janice Jamison, RN.

Joe Culp, Department of Health and Phil Wells, Agency staff, addressed Agency members.

Opposing the project were: Byron Trauger, Esq., representing Methodist Alliance Home Care; Dan Elrod, Esq., representing Baptist Trinity Home Care and Baptist Trinity Hospice; and Pam Owens, NHC Homecare.

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Present were: Mary Christy, CFO, Methodist Healthcare-Affiliated Services; Donna Baldwin; and Arthur Maples.

Ms. Williams rebutted.

Dr. Caldwell moved for denial of the project based on the lack of need. Mr. Atchley seconded the motion. The motion FAILED [3-3-0].

AYE: Lammert, Caldwell, Atchley,
NAY: Weaver, Jones, Koella

Mr. Koella moved for approval of the project based on: 1) Need – Because of the low cost need can be met for the minorities in the service area; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a TennCare provider and are licensed. **CONDITION: Limited to private duty nursing services in the counties of Shelby, Fayette and Tipton.** Mr. Lammert seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Lammert, Caldwell, Atchley, Weaver, Jones, Koella
NAY: None

Thompson Cancer Survival Center-West - (Knoxville, Knox County) - Project No. CN0706-049

The acquisition of a second linear accelerator and associated renovation of the existing ambulatory surgery treatment center (ASTC) located at 9711 Sherrill Boulevard, Knoxville (Knox County), TN. Project Cost \$4,118,690.25.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: William McDonald, M.D., Radiation Oncologist, Thompson Cancer Survival Center; Chester Ramsey, Director of Medical Physics, Thompson Cancer Survival Center; and Mike Richardson, Vice President, Planning & Business Development, Covenant Health. Present were: Timothy Hawkins, CAO, Thompson Cancer Survival Center; Mitzi Anderson, Vice President, Finance, Covenant Health; and Laurie Halsey, Project Manager, Planning & Business Development, Covenant Health.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need according to figures and the current machine's capacity is there; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care by providing CT based image guiding radiation therapy which currently is not available due to the capacity of the current machine and this will be an improvement. Mr. Jones seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Lammert, Caldwell, Atchley, Handorf, Weaver, Jones, Koella
NAY: None

Lammert recused

Mur-Ci Homes, Inc. - (Antioch, Davidson County) - Project No. CN0707-053

The addition of thirty-two (32) residential ICF/MR beds to the existing 40 beds. The additional beds will extend services to qualified individuals with mental retardation. Four single story buildings with eight (8) single bedrooms will be built on the existing property site on an additional 2.88 acres. The new beds shall be filled by persons from the state operated developmental centers. Project Cost \$2,473,453.00.

Terry Kopansky, Executive Director, addressed the Agency. Speaking on behalf of the project were: Larry Latham, Assistant Commissioner, Facility Services, Mental Retardation Services, Department of Mental Health/Development Disabilities; and David Beaven, Chief Financial Officer, Eidetik, Inc. Present were: Paula McHenry, Director of Facility Compliance, DMRS; Marc Beaven, Chief Operating Officer, Eidetik, Inc.; and Laila Beaven, Human Resources Director, Eidetik, Inc.

Opposing were: Michael S. Lottman, Chair, Quality Review Panel; and Carol Westlake, Tennessee Disability Coalition.

Mr. Kopansky rebutted.

Diane Dycus, Attorney General's Office answered questions for Agency members.

Dr. Handorf moved for approval of the project based on: 1) Need – The need for these sorts of facilities are inequitable and have additionally been mandated by State law; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care as it provides a facility for a special group of the population that otherwise may not have such a facility. Mr. Atchley seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Caldwell, Atchley, Handorf, Weaver, Jones, Koella

NAY: None

Jefferson County Nursing Home - (Dandridge, Jefferson County) - Project No. CN0707-054

The project includes the addition of twenty-five (25) skilled beds dually certified for Medicare and Medicaid and the new construction of three (3) 5,596 square foot Green Houses to provide housing, dining and living spaces for an increased patient population. Renovated spaces in the existing building will include limited rearrangement of internal partitions to facilitate new uses of existing spaces which will receive new flooring, wall coverings and paint. This will increase the licensed bed complement from 135 to 160. Project Cost \$7,628,307.00.

Jerry Taylor, Esq., representing the applicant, addressed the Agency. Roger L. Mynatt, Administrator, spoke on behalf of the project. N.M. Hodges, Vice Chair for the Board of Directors was present.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is well established by high occupancy in the other facilities in the immediate vicinity; 2) Economic Feasibility – The project is economically feasible by General Obligation bonds issued by the county; and 3) The project does contribute to the orderly development of adequate and effective health care in updating the facility and building a new style of facility. Mr. Atchley seconded the motion. The motion CARRIED [6-0-1]. **APPROVED**

AYE: Lammert Caldwell, Atchley, Handorf, Jones, Koella

NAY: None

ABSTAINED: Weaver

Huntsville Manor - (Huntsville, Scott County) - Project No. CN0707-057

The addition of twenty-four (24)* skilled nursing home beds dually certified for Medicare and Medicaid. This project will increase the licensed bed complement from 96 to 120. Project Cost \$1,048,000.00. *These beds are subject to the 125 nursing home bed pool for 2007-2008.

Deferred to the December Meeting

Johnson City Medical Center - (Johnson City, Washington County) - Project No. CN0707-058

The acquisition of a magnetic resonance imaging (MRI) 3.0 Tesla system at the hospital campus of Johnson City Medical Center resulting in a total of 2.5 MRI units operated by the hospital under its license. This project does not involve the initiation of any new services or a change in bed complement. Project Cost \$3,722,657.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Linda Frazier, System Services Director, Diagnostic Imaging spoke on behalf of the project. Laura Linn and Tony Benton, Assistant Vice President, Strategic Planning were present.

Mr. Jones moved for approval of the project based on: 1) Need – The need is demonstrated by the amount of scans they are using and there is a need for the new technology; 2) Economic Feasibility – The project is economically feasible based on the cash reserves they have; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Lammert Caldwell, Atchley, Handorf, Weaver, Jones, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Monroe Carell Jr. Children's Hospital at Vanderbilt - (Nashville, Davidson County) - Project No. CN0602-005A

Request for modifications to upgrade the approved 1.5 Tesla magnetic resonance imaging (MRI) unit to a 3.0 Tesla unit. The 3.0 Tesla unit is capable of carrying a patient load equal to or greater than that of the 1.5 Tesla unit with shorter scanning times and better serves the neonatal patients with complex problems. Patients will receive the scans within the hospital and will no longer be transported to VUMC for the scans. This project was originally approved on May 24, 2006 for the acquisition of a 1.5 Tesla magnetic resonance imaging (MRI) system to be located in the Radiology Department of the Children's Hospital for the diagnosis of clinical conditions. The project cost is \$4,153,175 and the expiration date is July 1, 2009.

Ronald W. Hill, Vice President, Strategic Development, was present on behalf of the project.

Dr. Handorf moved for approval of the request based on the free-standing magnet is becoming the standard of care for children and it is therefore needed. Mr. Jones seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Lammert Caldwell, Atchley, Handorf, Weaver, Jones, Koella
NAY: None

Tennessee Sports Medicine Surgery Center - (Mt. Juliet, Wilson County) - Project No. CN0411-103DA

Request for modifications: 1) Project costs be increased from \$1,877,445 to approximately \$2,500,000 (an increase of approximately \$622,555); 2) increase from one (1) operating room to two (2) operating rooms and a decrease from two (2) procedure rooms to one (1) procedure room; and 3) limitation removed that limits it to certain orthopedic surgical and pain management procedures to permit also the performance of a certain limited number of procedures not classified by Medicare in payment groups 1, 2, 3 and 4. The expiration date is April 1, 2009.

**DEFERRED FROM THE SEPTEMBER MEETING
WITHDRAWN**

Minutes

The minutes of the September 26, 2007 meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director
MMH/mab